

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Administrator
Washington DC 20201

SEP 16 2002

Herbert H. Weldon, Jr.
Senior Deputy Director
Department of Health
825 North Capitol Street, NE
Washington, DC 20002

Dear Mr. Weldon:

We are pleased to inform you that your request to amend the demonstration proposal entitled "Program to Enhance Medicaid Access for Low Income HIV-infected Individuals in the District of Columbia" (the District) has been approved. Your project number will continue to be 1 I-W-00131/3 for the period of September 1, 2002, to August 31, 2007. The approval is under the authority of section 1115 of the Social Security Act (the Act).

Specifically, with the approval of this amendment the District may restrict Medicaid beneficiaries and demonstration enrollees' freedom of choice of providers for the provision of I-IIV related pharmaceuticals. The District will be contracting with selected pharmacy providers in order to distribute pharmaceuticals procured through the Federal Supply Schedule (FSS). In order to ensure that the current amendment is cost effective for Medicaid beneficiaries as well as demonstration enrollees, this amendment is contingent on the District's access to a discount for HIV related medications under the FSS and on pharmacies receiving the equivalent or lower of the District's Medicaid dispensing fee. No other services for current law eligibles are affected by this amendment.

All other provisions, including the waivers and Federal matching authority provided for thereunder, as well as the special terms and conditions of the original approval will remain unchanged and enforced. This award is subject to our receiving your written acceptance of the award within 30 days of the date of this letter.

We commend you for your interest in serving the HIV-positive population in such a unique manner. We believe that your demonstration provides an excellent opportunity to assess, on a manageable scale, whether this approach can improve health outcomes within the constraints of budget neutrality and under an 1115 demonstration program.

To reiterate our original approval, all requirements of the Medicaid program expressed in law,

regulation, and policy statement, not expressly waived or identified as not applicable in this letter, shall apply to the HIV/AIDS Demonstration. Subject to approval of your protocol, as described in the special terms and conditions, under the authority of section III 5(aX2) of the Act, expenditures made by the District of Columbia under the HI V/AIDS Demonstration for the items identified below (which are not otherwise included as expenditures under section 1903) shall, for a period of 5 years beginning with the enrollment of the first demonstration participant, be regarded as expenditures under the State's Title XIX plan.

- Expenditures for demonstration costs for those persons with incomes up to 100 percent of the Federal Poverty Level who are not otherwise eligible for Medicaid. Attachment A and D of the special terms and conditions outline the budget neutrality cap and expenditures eligible for Federal match.

In addition, with the approval of this amendment, the following waiver is granted pursuant to the authority of section 1115(a)(l) of the Act, for the period of this project.

Freedom of Choice 1902(a)(23)

To enable the District to restrict freedom of choice of providers for the provision of HIV related pharmaceuticals.

Your project officer is Carrie Smith, who can be reached at (410) 786-4485. Your project officer is available to answer any questions concerning the scope and implementation of the project described in your application. Communications regarding program matters, and official correspondence concerning the project, should be submitted to the project officer at the following address:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
Mail Stop S2-14-26
7500 Security Boulevard
Baltimore, MD 21244-1850

We extend our congratulations on this award and look forward to working with you during the course of the project.

Sincerely,

/s/

Thomas A. Scully